

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-06 ISO-00 NEA-09 IO-10 H-02 L-02 PA-01

PRS-01 USIA-06 SP-02 AID-05 EB-07 NSC-05 CIEP-01

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USADB

PASS TRSY ZINMAN/GONZALEZ

E.O. 11652: ADS, DECLAS 9/25/75

TAGS: EAID, EFIN

SUBJECT: BRIEFING INFORMATION FOR CODEL/TRSY PROJECT VISIT

REF: A. TRSY 75-52

B. MANILA 3636

SUMMARY: SOME ADB PROJECTS IN PHILIPPINES HAVE
ENCOUNTERED OVERRUNS AND DELAYS. ADB HAS PLANS
FOR FINANCING VARIED RANGE OF PROJECTS IN PHILIPPINES,
MOSTLY IN AGRICULTURE AND TRANSPORT SECTORS. END SUMMARY.

FOLLOWING MESSAGE IS PART II OF USADB REPLY TO REF A.

1. RE STATUS CURRENT PROJECTS AND ADB PLANS AND
PROGRAMS FOR PHILIPPINES, BANK HAS APPROVED 17
LOANS TALLING \$242 MILLION FOR PHILIPPINES OF
WHICH TWO WERE SPECIAL FUNDS, TWO WERE "BLENDED"
AND BALANCE FROM ORDINARY CAPITAL. BD OF
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DIRECTORS APPROVED LATEST SF LOAN (AGUSAN DEL SUR

IRRIGATION) DEC 1974 WITH UNDERSTANDING THIS WAS
LAST CONCESSIONAL LOAN FROM BANK TO PHILIPPINES UNLESS
SERIOUS DETERIORATION IN ECONOMIC SITUATION OCCURS.

2. FIRST AND SECOND MINDANAO POWER PROJECTS HAVE
ENCOUNTERED SUBSTANTIAL COST OVERRUNS AND BANK
WILL BE PROPOSING SHORTLY FOR BOARD CONSIDERATION
SUPPLEMENTARY LOAN TO FINANCE PORTION OF OVERRUN.
SEGMENTS OF ONE HIGHWAY PROJECT -- COTABATO-GENERAL
SANTOS ROAD (MINDANAO) ARE ABOUT 2 YEARS BEHIND
SCHEDULE DUE TO FLOODING AND SECURITY PROBLEMS,
BUT CONSTRUCTION HAS NOW BEEN RESUMED.

3. TWO LARGEST ADB PROJECTS ARE MANILA WATER
SUPPLY (\$51.3 MILLION APPROVED AUG 1974)
PROCEEDING ON SCHEDULE WITH CONSULTANT RECENTLY
SELECTED AND MANILA INTERNATIONAL AIRPORT
(\$29.6 MILLION APPROVED DECEMBER 1973) ENCOUNTER-
ING DELAY. CONSULTANTS FOR AIRPORT PROJECT
WERE ENGAGED JULY 1974, BUT FINAL GOVT DECISION
ON DESIGN OF FACILITIES STILL PENDING. OTHER
PROJECTS COMPLETED OR REASONABLY ON SCHEDULE.

4. MAIN THRUST OF FUTURE ADB LENDING IS IN
AGRICULTURE AND TRANSPORT SECTORS, WITH VARIETY
OF HIGHWAY PROJECTS CONTEMPLATED FOR LUZON.
UNDER PROPOSED ADB-ADMINISTERED UNDP \$250,000
GRANT, FEASIBILITY STUDIES TO BE UNDERTAKEN FOR
LUZON ROADS SOUTH OF MANILA (CALAMBA-TAGAYTAY-
BATANGAS AND BACOR-NAIC-NASUGBU). OTHER SOUTH-
WESTERN LUZON ROAD PROJECTS PLANNED TO IMPROVE
ACCESS TO MT. MAKILING, TAAL LAKE FOR TOTAL
ESTIMATED COST \$25 MILLION TO FACILITATE TOURISM,
SUGAR PRODUCTION AND GENERAL AGRICULTURE DEVELOPMENT.
ADB AIMS TO FILL GAP SOUTHWESTERN LUZON ROAD LOOPS.
OTHER PORTIONS THIS AREA IBRD-FINANCED. ALSO IN
TRANSPORT SECTOR, BANK APPRAISING POSSIBLE \$23
MILLION LOAN TO NATIONAL RAILWAY REHAB MANILA-
LEGASPI (SOUTHERN LUZON) PORTION.

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5. FOR MINDANAO, PULANGUI RIVER IRRIGATION SCHEME
FOR WHICH BANK RECENTLY PROVIDED \$49,000 TA
BEING CONSIDERED FOR ESTIMATED \$12 MILLION/12
THOUSAND HECTARE PROJECT. ALSO IN MINDANAO,
\$500,000 ENGINEERING LOAN UNDER CONSIDERATION
FOR FEEDER AND SECONDARY ROADS IN ADB PIPELINE.

6. ALSO UNDER BANK'S CONSIDERATION ARE PROVINCIAL

WATERWORKS PROJECTS FOR WHICH USAID HAS FINANCED FEASIBILITY STUDIES. UNDERSTAND LIKELY THAT IBRD AND ADB WILL SHARE FINANCING OF THESE PROJECTS. ADB LIST MAY INCLUDE WATER DISTRICT FOR OZAMIS, 3 IN MINDANAO (NORTH, ZAMBOANGA AND BUTUAN), ONE IN BICOL (DAET) AND CEBU. ALSO BEING CONSIDERED IS CREDIT LINE OF \$20 MILLION TO DEVELOPMENT BANK OF PHILIPPINES (RECIPIENT OF PRIOR IBRD CREDITS), AS IS LARGE SCALE LAGUNA DE BAY DEVELOPMENT PROJECT TO INCLUDE HYDRAULIC CONTROL STRUCTURE (FOR WHICH ADB CURRENTLY EXECUTING AGENCY FOR UNDP-FINANCED TA) TO PREVENT SALT WATER INTRUSION, CONTROL INDUSTRIAL WASTE EFFLUENTS, IMPROVE FLOOD CONTROL AND FACILITATE SMALL SCALE IRRIGATION PROJECTS AROUND LAKE PERIMETER.

7. ALSO UNDER STUDY IS A JOINT ADB/UNDP/FAO/NIA/BPW PROPOSAL FOR A GROUND WATER/PUMPED IRRIGATION PROJECT AT MT. MAKILING. FINALLY, ADB IS CONSIDERING TECHNICAL ASSISTANCE GRANT TO UPGRADE QUALITY OF ENGINEERING EDUCATION BY ACCREDITING QUALIFIED ENGINEERING COLLEGES AND TRANSFORMING THE LARGE NUMBERS OF REMAINING SUB-STANDARD INSTITUTIONS INTO NEEDED TECHNICAL SCHOOLS. A CAPITAL LOAN TO UPGRADE FACILITIES OF ACCREDITED SCHOOLS COULD RESULT FROM THIS TA, WITH WHICH IBRD AND FORD FOUNDATION ALSO EXPECTED TO BE ASSOCIATED.
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